

TAB

Rules  
(Mr. Rivers' ~~Final~~ Statement)

H. R. 8427

Chairman  
Mr. Speaker:

The purpose of H. R. 8427 is to provide an improved retirement system for a limited number of employees of the Central Intelligence Agency.

At the present time all employees of CIA are limited to Civil Service Retirement benefits. On the other hand, more liberal retirement benefits have been in effect for many years for the Foreign Service and for certain personnel engaged in investigation and detection of crime and apprehension of criminals.

In the Committee's opinion, many CIA employees serve under conditions which are as difficult, and probably more dangerous and onerous than the conditions which led to improved retirement benefits for the Foreign Service and certain personnel of the FBI and other agencies.

CIA employees who will come under this proposed system are obligated, in writing, to serve anywhere in the world according to the needs of the Agency, as is the case in the Foreign Service and the Military, but unlike the normal Civil Service employees. The Agency has a definite need to maintain a young service by encouraging earlier retirement and in some cases directing earlier retirement. The voluntary early retirement features of this proposed legislation will serve this end.

Since the Agency is unable, in fact, to provide full-term careers for many individual officers, it is necessary to minimize the adverse effects of the required programs of managed attrition and to preserve its ability to

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recruit and retain the high-caliber personnel it needs. Therefore, the Agency must make reasonable provision for the futures of those individuals who must be separated before completing a full-term career of thirty or more years.

H. R. 8427 is a clean bill introduced after careful consideration by the Committee following four days of extensive hearings on H. R. 7216 which was the original bill. While the primary purpose of H. R. 7216 was an improved retirement system, it did include numerous amendments of a technical nature designed to update certain sections of the Central Intelligence Agency Act of 1949. It also contained other provisions which sought to grant certain new authorities to the Agency. Early in the hearings, the Committee determined that H. R. 7216, in its entirety, was of such wide scope that it should be revised so as to limit it strictly to the establishment of an improved retirement system. Accordingly, H. R. 8427 has only those provisions which relate to the establishment of an integrated and self-contained retirement system for certain employees of the Central Intelligence Agency. It is estimated that a maximum of only about 30 per cent of the total employee strength will become eligible for coverage under this system.

It was determined that rather than devise an entirely new retirement system, with the attendant difficulties, the CIA retirement system should be patterned after the Foreign Service system since it was felt that such system was sufficiently flexible to meet Agency requirements.

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The primary features of this bill provide for voluntary retirement, with the consent of the Director, by an employee at age 50 if he has 20 years of service. The Committee rewrote the original section so as to require that such an employee would need at least five years of service with the Agency in order to be eligible. Another key feature of the bill will permit the Director to retire individuals involuntarily where such retiree is in the grade of GS-14 or above. Such an employee will be entitled to draw an immediate earned annuity regardless of age at time of retirement. In our consideration we added a requirement, however, that in order to be eligible for such an annuity, the individual must have had at least five years of qualifying service with the Agency and a total of at least 10 years' service with the Agency. The term "qualifying service" is used to refer to that type of service which the Director determines would be of the nature which would qualify an individual to be a participant in this system. Generally, only those career employees will be covered whose careers are primarily oriented toward the conduct and support of intelligence activities abroad.

The Director may also retire involuntarily employees in grade GS-13 and below. In such case, they will be entitled to deferred annuities payable at age 60 if otherwise eligible and, in addition, will receive separation compensation at the rate of one month's pay for each year of service with a maximum of one year's salary. The other provisions of the bill are comparable to the Foreign Service system.

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In the interest of security, it is believed that this system must be administered within the Agency separate from existing retirement funds. In furtherance of maintaining proper security, the proposed legislation provides that determinations authorized by the Director under the act would not be subject to judicial review. Otherwise, sensitive information relating to the assignments of these individuals possibly would be brought into court in the event of a dispute.

It is estimated that after a five-year leveling off period, the net additional costs resulting from enactment of this legislation would be \$580,000 per annum.

In introducing the clean bill, H. R. 8437, the Committee deleted a provision in the original bill which would have excluded from gross income for Federal income tax purposes disability annuities payable under this bill. Similar provisions exist in law with respect to disability annuities for the military and the Foreign Service. However, the Ways and Means Committee was unable to complete action on this item, which is an amendment to the Internal Revenue Code. Consequently, this provision was deleted pending final action by that Committee.

In summary, therefore, the key features of the proposed legislation are:

1. Retirement at age 50 with a total of 20 years of service, five years of which must have been with the Agency. The employee must apply for this retirement and receive the consent of the Director.

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2. The Director may involuntarily retire individuals and where they are in grade GS-14 and above they will be entitled to receive an immediate earned annuity regardless of age; provided, however, that they have had five years of qualifying service and a total of 10 years of service with the Agency.

3. The Director may also retire employees in grade GS-13 and below, and in such case they will receive, at age 60, a deferred annuity if otherwise eligible. In addition, they will be entitled to receive separation compensation in the amount of one month's salary for each year of service with the Agency not to exceed a total of one year's salary.

The report from the Committee is unanimous, and we urge its enactment.